[1st April 1961

MR. CHAIRMAN : The question is—

' That the Land Acquisition (Madras Amendment) Bill, 1961 (L.A. Bill No. 11 of 1961), as passed by the Legislative Assembly, be taken into consideration on the 3rd April 1961 '.

The motion was put and carried.

IV. GOVERNMENT BILLS—*cont.*

(2) THE MADRAS ENTERTAINMENTS TAX (AMENDMENT) BILL, 1961 [a] (L.A. BILL NO. 13 OF 1961).

THE HON. SRI R. VENKATARAMAN : Mr. Chairman, Sir, I move—

' That the Madras Entertainments Tax (Amendment) Bill, 1961 (L.A. Bill No. 13 of 1961), as passed by the Legislative Assembly, be taken into consideration '.

Rule 50 (*a*) of the Madras Entertainments Tax Rules, 1939 empowers an officer of the Commercial Taxes Department not below the rank of an Assistant Commercial Tax Officer, to enter and search premises where records, accounts, tickets, etc., are kept, or suspected to be kept by a proprietor in respect of which an offence under the Act is reasonably suspected to have been committed, and to seize all or any of them for the purpose of investigation. The Committee on Subordinate Legislation has recommended the deletion of the rule on the ground that it is beyond the rule-making powers of the Government. The powers vested in the officers of the Commercial Taxes Department under the rule referred to, are necessary to check evasion of payment of entertainments tax by proprietors of entertainments. It is accordingly proposed to incorporate suitable provisions in that behalf in the Madras Entertainments Tax Act, 1939, itself.

It is considered necessary to give the Commercial Tax officials, the powers of a Collector under the Madras Revenue Recovery Act, 1864, and the Madras City Land Revenue Act, 1851, and of the Commissioners under the Madras Rent and Revenue Sales Tax Act, 1839, for purposes of recovery of amounts due, etc., under the Madras Entertainments Tax Act, 1939. For this purpose, it is proposed to incorporate provisions in the Madras Entertainments Tax Act, 1939, on the lines of section 29 of the Madras General Sales Tax Act, 1959 (Madras Act I of 1959). The Bill seeks to achieve the above two objects.

I request the House, Sir, to accept the motion.

MR. CHAIRMAN : Motion moved—

' That the Madras Entertainments Tax (Amendment) Bill, 1961 (L.A. Bill No. 13 of 1961), as passed by the Legislative Assembly be taken into consideration '.

The motion is before the House for discussion.

(After a pause.)

The question is :

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a Printed as Appendix IV on pages 167-168 infra.

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SRI MOHAMED RAZA KHAN : Sir, I want to speak on the Bill.

MR. CHAIRMAN : The hon. Member must be very quick in rising.

SRI MOHAMED RAZA KHAN : Sir, I support the Government here. I have carefully gone through his speech in the Assembly and I see, except for, if I can so use the term the mistake which he committed in saying that he would order a sudden check in a particular district without mentioning its name, it is all right. Now he has put the people on the alert. He could have used his discretion and avoided making that expression. (The Hon. Sri R. Venkataraman : Nothing wrong). I do not know what purpose is served. With regard to the actual state of affairs, I think the Governmtnt have got some basis as to how this evasion takes place. But although the Madras Government are not directly responsible, it happens in this way. The producers of films have to spend extra money apart from what is mentioned in documents and agreements. Some extra money is paid to the actors and actresses, and then this is passed on to the distributors. When the producers hand only their copies of the film to the distributors, apart from what is obtainable according to the agreement, they demand something extra. These distributors have to resort to the cinema houses either in the city or outside to make up the difference. The Government want to see that there is no evasion of tax. Everybody has to welcome this feature. What provokes me to speak is that I saw from the discussion in the Lower House that evasion was much more in the case of the touring cinemas, without the name of the place being mentioned. I have received a letter—possibly the Minister for Industries also might have received it—wherein it is stated how evasion takes place. If the Hon. Chairman permits, I will hand over this copy to the Hon. Minister.

THE HON. SRI R. VENKATARAMAN : I will be very grateful.

SRI MOHAMED RAZA KHAN : Before I hand it over, let me read one or two sentences from it, without disclosing the name of the talkies that is doing this. It is stated : 3·30 p.m.

" Two kinds of tickets are being sold out daily, one kind bearing some illegible rubber stamp seal presumably of the Office of Dy. Commercial Tax-Officer, and the other kind without any seal. It is suspected that the talkies prints simultaneously two books of tickets of same serial number and issues tickets to the public. When such evasion was suspected and enquired by the public the reply by the employee of the Theatre who was selling tickets there is ' it is none of the business of the cinema-goers .' As he was correct in his contention, i.e., ' cannot take daw into their own hand ', we are in duty bound to report such things and help the Government in collection of revenue without leakage."

This is signed by one dozen people and it is for the Hon. Minister to take action. So, there is a good deal of scope for increasing the revenue from this source. We have known it for four or five years that there is a good deal of evasion. From the speech of the Hon. Minister in the other House we see that evasion is much more in the case of touring cinemas than in the case of big cinema houses. It is morally wrong for anybody to deny what is due to Government by resorting to such tactics. I, therefore, support this measure.

* THE HON. SRI R. VENKATARAMAN : I am very grateful to the Chief Whip of the Opposition for the support he has given to us. Government are endeavouring their best to see that evasion is checked to the extent possible. Evasion is not only harming the Government but it is a great social disservice because the honest man is penalised. Honest people who pay their tax regularly are at a great handicap and so, there is a considerable volume of opinion even among the better class of theatre-owners that this should be checked. As I said, Government are thinking of having surprise checks in one or two districts. I mention it specifically because it is not our intention to harass them. Government want to warn them and in spite of the warning if they continue this practice, we will take action. I hope this warning of mine will be taken note of by those who are now resortng to this unhealthy practice.

SRI MOHAMED RAZA KHAN : What is the *modus operandi*?

THE HON. SRI R. VENKATARAMAN : That is exactly what I will not disclose. It is only then that I will put those people on guard. We feel that these surprise checks must keep all those people on vigil. What course I will adopt to ensure this, I will not say.

SRI MOHAMED RAZA KHAN : I am not asking about the method the Government wish to follow. I want to know the methods adopted by these people in the matter of evasion of tax.

THE HON. SRI R. VENKATARAMAN : There are two or three common methods. They are, receiving cash and letting people in, reissue of sold tickets, etc. Very often they collect the sold tickets, take them out, issue them to fresh people and let them in. There is considerable leakage on account of these practices. Government hope that with the powers they have now taken, they will be able to check evasion. I am grateful to the House for the co-operation it has given in eradicating this evil.

MR. CHAIRMAN : The question is—

" That the Madras Entertainments Tax (Amendment) Bill, 1961 (L.A. Bill No. 13 of 1961), as passed by the Legislative Assembly, be taken into consideration."

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The motion was put and carried and the Bill was taken into consideration.

Clauses 2 and 3 were put and carried.

Clause 1 and the Preamble were put and carried.

THE HON. SRI R. VENKATARAMAN : Sir, I move—

"That the Madras Entertainments Tax (Amendment) Bill, 1961 (L.A. Bill No. 13 of 1961), as passed by the Legislative Assembly, be passed."

MR. CHAIRMAN : The question is—

"That the Madras Entertainments Tax (Amendment) Bill, 1961 (L.A. Bill No. 13 of 1961), as passed by the Legislative Assembly, be passed."

The motion was put and carried and the Bill was passed.

(3) THE INDIAN STAMP (MADRAS AMENDMENT) BILL, 1961 (L.A. BILL NO. 14 OF 1961).

* THE HON. SRI R. VENKATARAMAN : Sir, on behalf of the Hon. the Minister for Revenue, I move—

"That the Indian Stamp (Madras Amendment) Bill,[a] 1961 (L.A. Bill No. 14 of 1961), as passed by the Legislative Assembly, be taken into consideration."

By the Indian Stamp (Amendment) Act, 1955 (Central Act 43 of 1955) which came into force on 1st April 1956, the rate of stamp duty on instruments relating to transfer of shares in an incorporated Company or other body corporate has been reduced to a rate of 12 annas (75 naye Paise) for every hundred rupees or part thereof of the value of the shares and this rate is uniform throughout India. The instruments relating to transfer of debentures and those relating to transfer of debenture stocks are similar to those relating to transfer of shares. They are however chargeable in this State with *ad valorem* stamp duty equal to one half of the duty payable on a conveyance equal to the face amount of the debenture. The Government of India have stated that it has been pointed out to them that investors buy debentures, on considerations of interest yield in the same manner as they buy Government securities, that a relatively heavy stamp duty is a powerful deterrent to the ready negotiability of debentures, that, most of the debentures are in the registered form and that the stamp duty payable on their transfer imposes a heavy burden on investors and seriously restricts free negotiability. They consider that, at a time when it is sought to bring about uniformity in trading practices observed on Stock Exchanges in the country, it is not only desirable but necessary that duties on all the instruments of the nature mentioned above should, as far as possible be identical and uniform throughout the

a Printed as Appendix V on page 168 infra.